

FISCAL NOTE

Bill #: SB0426

Title: Dedicate 50% of foreign capital
depository for income tax relief

**Primary
Sponsor:** Mike Sprague

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$22,500	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$22,500)	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long- Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. This proposal would require that the June 15 payment of collections from the foreign capital depository be rebated on a per capita basis to individual income tax filers for the current year. Revenue estimates contained in HJR2 indicate no revenue from the foreign capital depository in the 2001 biennium; consequently, this fiscal note does not contain a revenue impact from this proposal in the 2001 biennium.
2. Nevertheless, the possibility exists that the state may receive revenue from the foreign capital depository in the 2001 biennium. In the event that this happens, the Department would require additional administrative costs to provide computer programming changes for a revised income tax form and calculation of the per capita income tax relief. These costs are estimated to be \$15,000 in additional programming costs, and \$7,500 in overhead and machine time processing costs.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$22,500	\$0
<u>Funding:</u>		
General Fund (01)	\$22,500	\$0
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$22,500)	\$0

LONG-RANGE IMPACTS:

To the extent that in future years the foreign capital depository begins to generate revenue, then individual income tax payers will receive a benefit from this proposal.

TECHNICAL NOTES:

1. The mechanism for rebating capital depository collections could result in a reduction in income tax revenue greater than the amount of revenue initially made available for the rebate. This would occur whenever the number of individual income tax filers increased over the year for which the rebate was calculated.
2. The proposal provides an incentive for taxpayers who otherwise would not file an income tax return to file just in order to obtain the credit. This could entail thousands of filings for this purpose alone.